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Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of)	
Applications for Consent to the Transfer of Control of Licenses)	CC Docket No. 98-141
and Section 214 Authorizations from Ameritech Corporation, Transferor, to SBC Communications Inc., Transferee)))	
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Comments of Communications Workers of America

on

Conditions Proposed by SBC Communications Inc. and Ameritech Corporation for their Pending Application to Transfer Control

Debbie Goldman George Kohl 501 Third St. N.W. Washington, D.C. 20001 (202) 434-1194 (phone) (202) 434-1201 (fax) debbie@cwa-union.org

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Dated: July 19, 1999

The Communications Workers of America (CWA) represents more than 630,000 workers employed in telecommunications, broadcasting, cable television, publishing, and other public and private sector industries. CWA represents more than 110,000 employees at SBC and Ameritech.

Throughout this proceeding, CWA has provided evidence to the Commission to show that the proposed merger between SBC and Ameritech will benefit both workers and consumers. We have pointed out that the proposed merger is predicated on growth and investment, which would create good jobs in the telecommunications industry and in the U.S. economy. We have cited as evidence the 4,500 jobs that have been created in California and Nevada since the SBC-Pactel merger. We have also noted that this growth-oriented merger will preserve and advance the provision of affordable, quality telecommunications services to all Americans, and will speed the deployment of advanced telecommunications services to all market segments, including currently underserved residential consumers.

The conditions proposed by SBC Communications Inc. and Ameritech Corporation increase our confidence that the proposed merger is in the public interest. Unlike other mergers approved by the Commission,¹ the conditions proposed by SBC and Ameritech would require a merged SBC-Ameritech to commit network investment to low-income urban and rural residential

¹ In the MCI-WorldCom merger review, MCI-WorldCom merely indicated to the Commission its "intent" to serve local residential consumers. (In the Matter of Application of WorldCom, Inc. and MCI Communications Corporation for Transfer of Control of MCI Communications Corporation to WorldCom, Inc., CC Docket No. 97-211, Sept. 14, 1998, 192-3.)

communities. The conditions require that at least ten percent of the wire centers in which the merged SBC-Ameritech deploys xDSL advanced services must be wire centers serving low-income urban and rural consumers. The conditions also require the merged company to make improvements in its Lifeline programs providing subsidies to low-income consumers. In addition, the conditions require that the merged entity will not charge residential customers any minimum monthly charge for long distance services (charges which the long distance companies currently levy on their low-usage customers.)² CWA supports these conditions as an important mechanism to protect against cream-skimming in a competitive environment.

Furthermore, CWA is particularly encouraged by SBC-Ameritech's commitment to improve its Service Quality reporting by providing to the Commission for the public record, on a quarterly basis, state-by-state Service Quality reports in accordance with the retail service quality reporting recommendations of the NARUC Technology Policy Subgroup "Service Quality White Paper" adopted November 11, 1998. SBC-Ameritech will report on such services as installation and maintenance, switch outages, transmission facility outages, service quality-related complaints, and answer time performance.³ These reports will assist the FCC, as well as state Commissions and consumer groups, in monitoring efforts to ensure that the merged entity abides by its commitments to continue to invest in a high-quality public switched network serving all market

² Proposed Conditions for FCC Order Approving SBC/Ameritech Merger, *Ex Parte* Presentation, In the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Ameritech Corporation, Transferor, to SBC Communications Inc., Transferor, CC Docket No. 98-141, July 1, 1999, 20, 59, 60.

³ Id., 54.

segments. CWA believes the public interest would be well-served to require this level of service quality reporting by all large telecommunications mergers.

SBC-Ameritech have also agreed as a condition of the merger to establish a separate advanced services affiliate to provide wireline, telecommunications services such as xDSL, frame relay, cell relay, and dial access service that rely on packetized technology at 56 kilobits per second or greater. In general, CWA believes that a separate affiliate requirement for advanced services is not in the public interest because it slows the development of advanced services by imposing additional, unnecessary costs and inefficiencies on the public switched telephone network. We have argued in the Commission's proceeding on Section 706 of the Telecommunications Act that where a separate advanced services affiliate requirement is imposed, accounting safeguards adequately protect consumers against cross-subsidization and discrimination between the affiliate and incumbent LEC, while reducing network inefficiencies that may serve to delay deployment of advanced services.

CWA believes that our concerns about a separate advanced services affiliate are somewhat mitigated by the fact that under the proposed conditions for approval of the SBC/Ameritech merger "any SBC/Ameritech incumbent LEC may provide operations, installation, and maintenance ('OI&M') services to any separate Advanced Services affiliate" pursuant to tariff or

⁴ Id., 25-40.

⁵ Comments of Communications Workers of America, In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability ("Section 706 Proceeding"), CC Docket 98-147, Sept. 25, 1998.

approved interconnection agreement on a nondiscriminatory basis.⁶ The proposed conditions also state that "any separate Advanced Services affiliate and any SBC/Ameritech incumbent LEC may joint market their services with the services of the other, without being subject to any nondiscrimination requirement under these conditions."⁷

Under the proposed merger conditions, the Commission's accounting safeguards regarding affiliate transactions would adequately protect against improper cost allocation (and non-discrimination for operation, installation, and maintenance services) between the Advanced Services affiliate and the incumbent LEC. At the same time, the use of accounting safeguards would not impose duplicative, inefficient, and even absurd workforce deployment requirements on the Advanced Services affiliate.⁸

In addition, the separate Advanced Services affiliate as proposed by SBC and Ameritech would ensure that provision of advanced services through a separate affiliate does not have the

⁶ *Id.*, 27(b). The proposed conditions also state that "(e)mployees of the separate Advanced Services affiliate(s) may be located within the same buildings and on the same floors as employees of the incumbent LEC." (*Id.*, 27(e)).

⁷ *Id.*, 27(a). Permitted joint marketing by the incumbent LEC that may be conducted on an exclusive basis would include inbound and outbound marketing, provisioning, and customer care such as service representative interaction with the customer after the sale. This provision is consistent with the Commission's finding in its Non-Accounting Safeguards Order that a "BOC and its section 272 affiliate may provide marketing services for each other." (In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, CC Docket No. 96-149, Dec. 24, 1996 (rel.), 183.

⁸ Because xDSL advanced electronics run over the copper telephone network, any requirement for separate operating, installation, and maintenance employees would require double, triple, or even quadruple dispatch for routine installation and maintenance as the incumbent LEC and advanced services affiliate alternate as they dispatch technicians to install or troubleshoot only "their" technology.

unintended consequence of creating a regulatory barrier to employment security or career

opportunity for telephone company employees as employment opportunities shift from work on

"old" voice networks to work on the "new" data networks.

Therefore, CWA believes that the unprecedented conditions proposed by SBC and Ameritech for

FCC merger approval resolve any concerns that the Commission may have related to the public

interest benefit of this merger. The conditions ensure that the merged SBC-Ameritech's

expansion plans include increased investment to residential consumers, in general, and to low-

income and underserved communities, in particular. Further, the hefty penalties that the merged

entity would incur should it fail to make promised investments in out-of-region markets serve as

powerful incentives to promote the 1996 Act's goal of facilities-based competition, which will

benefit both consumers and workers (through investment-led job growth). Therefore, the

Commission should act expeditiously to approve the merger.

Respectfully Submitted,

Communications Workers of America

George Kohl

Senior Executive Director

Dated: July 19, 1999

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CERTIFICATE OF SERVICE

This is to certify that I have duly served these comments upon these parties on

July 19, 1999, by depositing copies of same in the United States mail, addressed as follows:

Angela Turketk Angela Turner

Ms. Magalie Roman Salas, Secretary Federal Communications Commission 445 Twelfth Street, S.W., Room TW-A325 Washington, D.C. 20554 Mr. Jeffrey Elkins CalTech International Telecom Corporation 197 Joaquin Circle Danville, CA 94526

Ms. Janice Myles Federal Communications Commission 445 Twelfth Street, S.W., Room 5-C327 Washington, D.C. 20554 Mr. Steve Weingarten, Esq. Federal Communications Commission 445 Twelfth Street, S.W., Room 4-A207 Washington, D.C. 20554

Mr. Donald Abelson Federal Communications Commission 445 Twelfth Street, S.W., Room 6-C723 Washington, D.C. 20554 Ms. Jeanine Poltronieri, Esq. Federal Communications Commission 445 Twelfth Street, S.W., Room 3-C224 Washington, D.C. 20554

Mr. William Dever, Esq. Federal Communications Commission 445 Twelfth Street, S.W., Room 5-C111 Washington, D.C. 20554 Mr. William J. Byrnes, Esq. 7921 Old Falls Road McLean, VA 22102-2414

Mr. Mark C. Rosenblum, Esq. AT&T 295 North Maple Avenue, Room 3252G3 Basking Ridge, NJ 07920 Honorable Thomas J. Yack Supervisor Canton Community 1150 South Canton Center Canton, MI 48188-1699

International Transcription Service, Inc. 1231 20th Street, N.W. Washington, D.C. 20036

Mr. Matt Kibbe
Executive Vice President
Citizens for a Sound Economy Foundation
1250 H Street, NW
Suite 700
Washington, DC 20005

Honorable Sue Lempert Mayor City of San Mateo 330 West 20th Avenue San Mateo, CA 94403-1388

Ms. Diane E. Abbott Manager CATV – Community Relations 33455 West Warren Westland, MI 48185

Joseph P. Meissner, Esq. Cleveland Legal Aid Society 1223 West 6th Street Cleveland, OH 44113

Mr. Ronald J. Binz President Competition Policy Institute 1156 15th Street, NW Suite 520 Washington, DC 20005

Ms. Debra R. Berlyn Executive Director Competition Policy Institute 1156 15th Street, NW Suite 520 Washington, DC 20005

John Windhausen, Jr., Esq. General Counsel Competition Policy Institute 1156 15th Street, NW Suite 520 Washington, DC 20005

Mary Ellen Fise, Esq. General Counsel Consumer Federation of America 1424 16th Street, NW Suite 604 Washington, DC 20036

Genevieve Morelli, Esq. Ex. V.P. and General Counsel The Competitive Telecommunications Assn. 1900 M Street, NW Suite 800 Washington, DC 20036 Janee Briesemeister, Esq. Consumers Union 1300 Guadalupe Suite 100 Austin, TX 78701

Mr. Riley M. Murphy e.spire Communications, Inc. 133 National Business Parkway Suite 200 Annapolis Junction, MD 20701

Honorable James L. Barker Mayor City of Garden City 6000 Middlebelt Road Garden City, MI 48135

Charles C. Hunter, Esq. Hunter Communications Law Group 1620 I Street, NW Suite 701 Washington, DC 20006

Catherine M. Hannan, Esq. Hunter Communications Law Group 1620 I Street, NW Suite 701 Washington, DC 20006 Ellis Jacobs, Esq.
Dayton Legal Aid Society
333 West 1st Street
Suite 500
Dayton, OH 45402-3031

Renee Martin, Esq. Focal Communications Corporation 200 North LaSalle Street Chicago, IL 60601

Mark A. Grannis, Esq. Harris, Wiltshire & Grannis LLP 1200 Eighteenth Street, NW Washington, DC 20036-2560

Walter Steimel, Jr., Esq. Hunton & Williams 1900 K Street, NW Suite 1200 Washington, DC 20006

Janet S. Livengood, Esq.
Director of Legal and Regulatory Affairs
Hyperion Telecommunications, Inc.
DDI Plaza Two
500 Thomas Street, Suite 400
Bridgeville, PA 15017-2838

Anne E. Becker, Esq.
Consumer Counselor
Indiana Office of Utility Consumer Counselor
100 North Senate Avenue
Room N501
Indianapolis, IN 46204-2208

Counselor

Deputy Consumer Counselor for Federal Affairs
Indiana Office of Utility Consumer Counselor
100 North Senate Avenue
Room N501
Indianapolis, IN 46204

John Cook, Esq.

Mr. Charles H.N. Kallenbach e.spire Communications, Inc. 133 National Business Parkway Suite 200 Annapolis Junction, MD 20701 Chairman William McCarty Indiana Utility Regulatory Commission 302 West Washington Street Room E306 Indianapolis, IN 46204

Anthony C. Epstein, Esq. Jenner & Block 601 Thirteenth Street, NW Washington, DC 20005 John B. Morris, Jr., Esq. Jenner & Block 601 Thirteenth Street, NW Washington, DC 20005

Stuart M. Rennert, Esq. Jenner & Block 601 Thirteenth Street, NW Washington, DC 20005 Chairman John Wine Kansas Corporation Commission 1500 SW Arrowhead Topeka, KS 66604-4027

Commissioner Susan Seltsam Kansas Corporation Commission 1500 SW Arrowhead Topeka, KS 66604-4027 Commissioner Cynthia Claus Kansas Corporation Commission 1500 SW Arrowhead Topeka, KS 66604-4027 Robert J. Aamoth, Esq. Kelley Drye & Warren LLP 1200 19th Street, NW Suite 500 Washington, DC 20036

Rebekah J. Kinnett, Esq. Kelley Drye & Warren LLP 1200 19th Street, NW Suite 500 Washington, DC 20036

Brad E. Mutschelknaus, Esq. Kelley Drye & Warren LLP 1200 19th Street, NW Suite 500 Washington, DC 20036

Clinton A. Krislov, Esq. Krislov & Associates, Ltd. 222 North LaSalle Suite 2120 Chicago, IL 60601-1086

Kenneth T. Goldstein, Esq. Krislov & Associates, Ltd. 222 North LaSalle Suite 2120 Chicago, IL 60601-1086 Danny E. Adams, Esq. Kelley Drye & Warren LLP 1200 19th Street, NW Suite 500 Washington, DC 20036

Marieann Z. Machida, Esq. Kelley Drye & Warren LLP 1200 19th Street, NW Suite 500 Washington, DC 20036

Melissa M. Smith, Esq. Kelley Drye & Warren LLP 1200 19th Street, NW Suite 500 Washington, DC 20036

Robert J. Stein, Esq. Krislov & Associates, Ltd. 222 North LaSalle Suite 2120 Chicago, IL 60601-1086

Terrence J. Ferguson, Esq. Senior Vice President and Special Counsel Level 3 Communications, Inc. 3555 Farnum Street Omaha, NE 68131 Thomas Gutierrez, Esq. Lukas, Nace, Gutierrez & Sachs, Chartered 1111 Nineteenth Street, NW Suite 1200 Washington, DC 20036

Lisa B. Smith, Esq. MCI WorldCom, Inc.. 1801 Pennsylvania Avenue, NW Washington, DC 20006

Lisa R. Youngers, Esq. MCI WorldCom, Inc.. 1801 Pennsylvania Avenue, NW Washington, DC 20006 David N. Porter, Esq. MCI WorldCom, Inc. 1120 Connecticut Avenue, NW Washington, DC 20036

Richard S. Whitt, Esq. MCI WorldCom, Inc. 1120 Connecticut Avenue, NW Washington, DC 20036 David R. Conn, Esq. McLeodUSA Telecom.Services, Inc. 6400 C Street, SW Cedar Rapids, IA 52406-3177

William A. Haas, Esq. McLeodUSA Telecom. Services, Inc. 6400 C Street, SW Cedar Rapids, IA 52406-3177 Richard S. Lipman, Esq. McLeodUSA Telecom. Services, Inc. 6400 C Street, SW Cedar Rapids, IA 52406-3177

Martha Hogerty, Esq. Missouri Office of the Public Counsel P.O. Box 7800 Jefferson City, MO 65102 Cynthia R. Bryant, Esq. Assistant General Counsel Missouri Public Service Commission P.O. Box 360 Jefferson City, MO 65102 Mr. Frederic Lee Ruck
Executive Director
The National Association of
Telecommunications Officers and Advisors
1650 Tysons Boulevard, Suite 200
McLean, VA 22102

Evan R. Grayer, Esq. Harris, Wiltshire & Grannis LLP 1200 Eighteenth Street, NW Washington, DC 20036-2560

Rochelle Cavicchia, Esq. Ohio Consumers' Counsel 77 South High Street 15th Floor Columbus, OH 43266-0550

Robert S. Tongren, Esq. 77 South High Street 15th Floor Columbus, OH 43266-0550

Thomas J. O'Brien, Esq. 77 South High Street 15th Floor Columbus, OH 43266-0550

David C. Bergmann, Esq. 77 South High Street 15th Floor Columbus, OH 43266-0550

Terry L. Etter, Esq. Assistant Consumers' Counsel 77 South High Street 15th Floor Columbus, OH 43266-0550 Frank J. Kelley, Esq. Attorney General State of Michigan 525 West Ottawa Street Lansing, MI 48909

J. Peter Lark, Esq. Assistant Attorney General Office of Attorney General State of Michigan 525 West Ottawa Street Lansing, MI 48909

Aryeh S. Friedman, Esq. AT&T Room 3252G3 295 North Maple Avenue Basking Ridge, NJ 07920 Orijakor N. Isogu, Esq. Assistant Attorney General Office of Attorney General State of Michigan 525 West Ottawa Street Lansing, MI 48909

Richard J. Metzger, Esq. Focal Communications Corporation 200 North LaSalle Street Chicago, IL 60601

Paul C. Besozzi, Esq. Patton Boggs LLP 2550 M Street, N.W. Washington, DC 20037-1350 Robert L. Hoggarth, Esq. Government Relations PCIA 500 Montgomery Street Suite 700 Alexandria, VA 22314-1561

Angela E. Giancarlo, Esq. Government Relations PCIA 500 Montgomery Street Suite 700 Alexandria, VA 22314

Marjorie K. Conner, Esq. Hunton & Williams 1900 K Street, NW Suite 1200 Washington, DC 20006

Steven T. Nourse, Esq. Assistant Attorney General Public Utilities Section 180 East Broad Street Columbus, OH 43215

Chairman Pat Wood, III Public Utility Commission of Texas 1701 North Congress Avenue Austin, TX 78711-3326

Commissioner Judy Walsh Public Utility Commission of Texas 1701 North Congress Avenue Austin, TX 78711-3326 Commissioner Brett Perlman Public Utility Commission of Texas 1701 North Congress Avenue Austin, TX 78711-3326 Stephen J. Davis, Esq., Chief, Office of Policy Development Public Utility Commission of Texas 1701 North Congress Avenue Austin, TX 78711-3326

Janice Mathis, Esq. Rainbow/PUSH Coalition 930 East 50th Street Chicago, IL 60615

Kathleen F. O'Reilly, Esq. 414 A Street, SE Washington, DC 20003 John R. Gerstein, Esq. Ross, Dixon & Masback, L.L.P. 601 Pennsylvania Avenue, NW North Building Washington, DC 20004

Richard A. Simpson, Esq. Ross, Dixon & Masback, L.L.P. 601 Pennsylvania Avenue, NW North Building Washington, DC 20004 Merril Hirsh, Esq. Ross, Dixon & Masback, L.L.P. 601 Pennsylvania Avenue, NW North Building Washington, DC 20004

David W. Carpenter, Esq. Sidley & Austin One First Chicago Plaza Chicago, IL 60603

Peter D. Keisler, Esq. Sidley & Austin One First Chicago Plaza Chicago, IL 60603

C. Frederick Beckner, III, Esq. Sidley & Austin One First Chicago Plaza Chicago, IL 60603

Michael J. Hunseder, Esq. Sidley & Austin One First Chicago Plaza Chicago, IL 60603

David D. Dimlich, Esq. Supra Telecommunications & Information Systems, Inc. 2620 SW 27th Avenue Miami, FL 33133 Dana Frix, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116

Douglas G. Bonner, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116 Eric J. Branfman, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116

Richard M. Rindler, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116 Mary C. Albert, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116

Russell M. Blau, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116 Robert V. Zener, Esq. Swidler Berlin Shereff Friedman, LLP 3000 K Street, NW Suite 300 Washington, DC 20007-5116

Suzi Ray McClellan, Esq.
Public Counsel
Texas Office of the Public Utility Counsel
P.O. Box 12397
Austin, TX 78711-2397

Rick Guzman, Esq.
Assistant Public Utility Counsel
Texas Office of the Public Utility Counsel
P.O. Box 12397
Austin, TX 78711-2397

Victor J. Toth, Esq. 2719 Soapstone Drive Reston, VA 22091

Mr. Allen Parker Village Manager Village of Maywood 115 South Fifth Avenue Maywood, IL 60153

Philip L. Verveer, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036

Gunnar D. Halley, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036

Brian Conboy, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036 Thomas J. Long, Esq.
Senior Telecommunications Attorney
The Utility Reform Network
711 Van Ness Avenue
Suite 350
San Francisco, CA 94102

Honorable Anna Montana Mayor Village of Schiller Park 9526 West Irving Park Road Schiller Park, IL 60176-1984

Sue D. Blumenfeld, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036

Jay T. Angelo, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036

Thomas Jones, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036 Michael Jones, Esq. Willkie Farr & Gallagher Three Lafayette Centre 1155 21st Street, NW Washington, DC 20036 Honorable Gordon J. Ellens Supervisor Zeeland Charter Township 6582 Byron Road Zeeland, MI 49464